

**USPS-RM2022-11-1****Public Material Supporting Proposal Five****PREFACE**

USPS-RM2022-11-1 provides the public supporting materials for the analysis provided by the United States Postal Service. It includes the data used to reevaluate the cost proportions by route type, a comparison of route costs across data sources, an analysis of the cost proportions, the calculation of volume variabilities under different proposal aspects, and the public version of the impact analysis.

**PURPOSE AND CONTENT**

The purposes of USPS-RM2022-11-1 are multiple. First, it presents the TCSS and APEX data sets used to reevaluate the Intra-P&DC and Intra-District cost proportions. Second, it provides the SAS programs used to calculate the cost proportions and compare the costs presented by the two data sources. It also provides an explanation of what each program does, and the associated SAS logs and listings. Note that the SAS programs are internally self-documented. Third, it provides the data analysis and tables described in the section of the report which addresses OIG Recommendation One. Fourth, it calculates the variabilities under the two proposal aspects, separately and then jointly. And finally, it provides the public version of the impact of the study on attributable product costs.

**CORRESPONDING NON-PUBLIC FOLDER**

Submitted concurrently with this folder is a non-public folder USPS-RM2022-11-NP1 containing related non-public material. The non-public folder includes the Excel workbooks used to calculate the impact of the new study on competitive product costs.

**ORGANIZATION**

This Preface and the accompanying zip file present the data used to analyze the CDS proposed methodologies, and present and describe the programs used in this analysis. The Preface indicates where all the results are located. The zip file provides analysis of the impact of the proposed new cost proportions, variabilities, and distribution key on attributable purchased highway transportation costs. The Preface has five sections. The first discusses the TCSS and APEX datasets used to reevaluate the Intra-P&DC and Intra-District account cost proportions. This is followed by a presentation of the SAS programs used to calculate the proportions and comparison the costs between the data sources. It then presents data analysis and tables related to section of the report which addresses OIG Recommendation One. This is followed by the section which provides the variability calculations for the proposed changes. The final section presents the Excel workbook used to calculate the public version of the impact of the study on attributable transportation costs.

## I. Description of the Analysis Data Sets

The data in the analysis data sets were extracted from the Postal Service Transportation Contract Support System (TCSS) and Accounts Payable Excellence System (APEX). The data were drawn for the fourth quarter of the given fiscal year, FY 2019, FY 2020, or FY 2021, and represent annual values.

The TCSS data sets are entitled: TCSSFY19\_FULL\_V2.sas7bdat, TCSSFY20\_FULL\_V2.sas7bdat, and TCSSFY21\_FULL\_V2.sas7bdat. Each observation is a contract cost segment. There are 11 variables in each file. Below is a listing of each variable in the datasets along with its definition.

<b>Variable Name</b>	<b>Definition</b>
account	Highway Account Number
annmiles	Annual Miles on the Contract Cost Segment
con_desc	Contract Type Description
con_type	Contract Account Type
costsegamt	Annual Cost on the Cost Segment
costsegmentcode	Cost Segment Identifier
opfreq	Trip Frequency Per Year
route	Contract Identifier
routetypedesc	Description of Contract Type
tripmiles	Length of Trip in Miles
vcube	Vehicle Cube

The APEX data set is entitled: APEXFY21\_FULL\_V2.sas7bdat. There are 4 variables. Below is a listing of each variable in the dataset along with its definition.

PAY_MONTH	Month of Payment
ROUTE_TYPE	Contract Identifier
INVOICE_AMT	Amount Invoiced
GL_ACCOUNT	General Ledger Account

## II. Analysis Programs

Calculations of the TCSS cost proportions for FY 2019, FY 2020, and FY2021 are conducted in the SAS program entitled FY19\_21\_TCSS\_proportions.sas. The SAS program entitled FY21\_APEX\_TCSS\_comparison.sas produces cost by route type and by account for the TCSS and APEX data sets. The SAS Logs and Listings (containing the results) are included in the Analysis Programs directory. The produced files are listed below:

FY19\_21\_TCSS\_proportions.log  
FY19\_21\_TCSS\_proportions.lst

FY21\_APEX\_TCSS\_comparison.log  
FY21\_APEX\_TCSS\_comparison.lst

### **III. Recommendation One Analysis Tables**

The Excel file in this directory presents the cost proportions and costs estimates produced by the programs in the directory Analysis Programs. This Excel file produces Table 1, 2, and 3 of the report.

### **IV. Calculation of Proposal Variabilities**

Both aspects of the proposal impact overall variabilities for the Intra-P&DC and Intra-District accounts. Annually updating the cost proportions, as proposed in response to OIG Recommendation One, impacts the cost-weighted variabilities. Applying the rural distribution to CDS cost requires estimating the accrued cost based on the cost proportions, isolating the CDS portion from the cost-weighted account variabilities, applying a separate variability for CDS and re-estimating the variability weights for the costs remaining in the account. The calculation of the impact of the proposed changes separately and jointly are calculated in the workbook CDS Proposal - Calculation of Variabilities.xlsx in this directory.

Sheet “Var Estimate Rec 1” presents the impact of updating the cost proportions using FY 2021 data on the variabilities for the Intra-P&DC and Intra-District accounts.

Sheet “Var Estimate Rec 2” presents the impact of isolating the CDS portion of the account in order to apply a separate distribution key on the variabilities for the Intra-P&DC and Intra-District accounts.

Sheet “Var Estimate Joint” presents the impact of applying the proposed updates applied in Sheet “Var Estimate Rec 1” and Sheet “Var Estimate Rec 2” on the variabilities for the Intra-P&DC and Intra-District accounts.

### **V. Public Impact Analysis**

The public version of the analysis of impact of the updated cost proportions, variabilities, and the application of the rural distribution key on attributable cost is presented in the Excel workbook within the Public Impact Analysis directory.

The workbook, CDS Proposal - Public Impact.xlsx, incorporates the new product level attributable transportation costs for the proposal recommendations, and then uses RPW volumes to calculate the impact on unit transportation costs and total attributable costs. Further detail into the calculation of the cost impacts can be found in the non-public folder, USPS-RM2022-11-NP1.

## **DIRECTORIES**

USPS-RM2022-11-1 contains five directories.

### **1. Directory – Analysis Data Sets**

This directory includes the analysis data sets used to reevaluate the cost proportions and compare route costs.

### **2. Directory – Analysis Programs**

This directory includes the SAS programs for and files resulting from the calculation of cost proportions and route costs.

### **3. Directory – Recommendation One Analysis Tables**

This directory includes the Excel workbook used to compare the cost proportions and route costs. It also produces Table 1, 2, and 3 of the report.

### **4. Directory – Calculation of Proposal Variabilities**

This directory includes the Excel workbook used to estimate variabilities for the proposed changes to the treatment of the Intra P&DC and Intra-District accounts. It also produces Table 5 and 7 of the report.

### **5. Directory – Public Impact Analysis**

This directory includes the Excel workbook used to perform the public impact analysis.